



**California Performance Review**  
**Preliminary Responses Prepared by**  
**California Child Care Resource & Referral Network**  
**August 16, 2004**

**Chapter 2: Health & Human Services:**

**HHS 04 - Simplify California's Subsidized Child Care System to Deliver Better Service to Families**

**A. Merge CalWORKs child care Stages 1 and 2 under county welfare departments. When families no longer receive cash assistance, they would transition to a single set-aside in CDE's voucher program for low-income families.**

Improve Access: When California implemented Welfare Reform in 1998, there was a broadly agreed upon principal that CalWORKs families should be able to access child care in the same way as other low-income families utilizing local child care resource & referral, alternative payment and contracted center-based services. This proposal further fragments the child care delivery system.

Delivery of Services: Services to children should always be in the Child Development Division of the Department of Education. This proposal serves to continue an already fragmented system of child care. The best and only way to improve the delivery of child care services to CalWORK's clients is to provide ALL child care subsidies under the California Department of Education.

Improve Outcomes: Linking CalWORK's participants to the general child care system as early as possible increases the likelihood that participants will have access to licensed child care for their children which may increase the quality of services provided and increase a child's success in life. Again, we recommend all child care subsidies be administered under the California Department of Education. The Network is committed to a cohesive system of child development services that integrate the two goals- Children Learning, Parents Earning. As California moves increasingly toward preparing children for school, with the value and promise of school readiness programs for all preschoolers,

this recommendation ultimately seems to move in the opposite direction. It only makes sense to provide services to children i.e. child care under the department responsible for preparing and educating children for school. Shifting programs out of education and into social services focuses on “parents earning” but leaves out the “children learning” goal.

Impact on Service Provider: Fifty percent of the Stage 2 caseload statewide remains on cash aid according to the Department of Education. A transfer of service providers from CDE to DSS will serve to erode the current CDE system and conversely require an expansion of the DSS system with no cost savings or simplification of the system.

Program Efficiency: It would be simpler for program efficiency to define CalWORKS Stage 2 statewide as beginning when the client is off cash assistance. Many counties define it that way already. If that is done, there seems no need to combine Stages 1 & 2, as proposed.

**B. Place CalWORKs families on waiting lists when they begin participating in CalWORKs, but specifying that CalWORKs families would not become eligible to move out of the set-aside funding until they had been off cash aid for two years. Make the waiting list priority “first come, first served” with incomes up to 50 percent of the state median income.**

Question remaining: Further clarification is necessary to respond to the recommendation. Does this imply that eligibility for services is cut-off at 50% of the state median income (SMI)?

Improve Access: We agree with the need to improve the current eligibility system for parents. It is a confusing and frustrating system. However, prior to any change in implementation of the eligibility list, there must be statewide development of a county-by-county Centralized Eligibility List (CEL).

Currently, only nine California counties maintain a countywide CEL. These counties were able to plan and implement these consolidated lists as part of a CEL Pilot project funded through a \$1.5 million allocation in the FY 2001/2202 budget. In the remaining California counties, each AP program and CDE-contracted child care center maintains its own subsidy waiting list. This often leads to duplication of names on the various lists, the inability of programs to share information about the availability of slots throughout the county, and varying policies for keeping the list current and updated. Consolidating these individual lists requires resources for 1) developing a countywide process to accept, verify, share and update names across programs, 2) purchasing computer equipment to consolidate and electronically house the lists, and 3) hiring staff to maintain the CEL. According to the Child Development Division of the California Department of Education, the estimated cost to implement and maintain CELs throughout California is approximately \$8 million per year.

There is no advantage to putting CalWORKS families on the eligibility list but not letting them access services until they are off cash-aid. It will over inflate the numbers on the

waiting list and provide an unnecessary administrative burden on subsidy programs. Does this mean they would automatically become “first come, first served” when they leave aid? If so, this does not treat CalWORKS and non-CalWORKS families equally.

Additionally, the problem of the SMI needs to be addressed before any change to the entry eligibility level is made. It is outdated and doesn’t accurately reflect the true state median income. It needs to be brought up-to date.

Families continue to need child care support beyond two-years-off-aid. Do the recommendations imply the desire to end funding for Stage 3 child care?

Program Efficiency: Using 50% SMI as an eligibility level reflects current realities, since few families above that level are served (at least in most counties). But how does this achieve any efficiencies or cost savings? It would simply codify an existing reality. We remain firmly committed to 75% of the SMI for the eligibility exit level.

**C. Reduce the number of CDE contracts by consolidating all dual-contract programs (federal/state) into single contracts; eliminating the latchkey program (with the option for agencies to convert their latchkey program to a general child care and development program); and converting the wrap-around preschool program into a general child care and development program.**

Impact on Service Provider: The item related to eliminating latchkey programs with the agency option to convert their latchkey program to a general child care and development program was a provision in AB1849 (Nation) authored in 2003 sponsored by CCDAA and supported by the Network. It allows latchkey to increase their reimbursement level and aids in the survival of the program. The key issue is the difference in teacher qualifications and the time needed to bring them into compliance. CCDAA requested 7 years and the CDE wanted it to happen more quickly.

Further review is necessary to determine the implications of converting wrap-around preschool programs to general child care especially in light of the statewide efforts to promote preschool programs for all four-year olds.

Impact on Service Provider & Program Efficiency: We support more efficient contracting from CDE that will improve efficiency both at the state and contractor level. One of the key differences between Federal and State programs is the ability to subsidize care in faith-based programs. Would this change require that faith based services be paid for with state funds or would programs have to administratively assure that no state funds were used for faith-based programs?

## **HHS 05 – Improving Protection for Children Receiving Child Care from Unlicensed Providers.**

The California Child Care Resource and Referral Network (Network) agrees that the efficiency and effectiveness of the TrustLine Registry program can be improved. The Network does not support recommendation A. We strongly support recommendations D and E and support but have some concerns about recommendations B, C, and F.

The Network is uniquely qualified to comment on this section of the recommendations because we have administered a portion of the TrustLine Registry under contract with first the Department of Justice and now the Department of Social Services since 1992. Health and Safety Code 1596.643 states that the Network shall “establish and maintain a toll-free line to allow parents, employment agencies, child care referral groups and registries, alternative payment programs, and others to determine if a provider is a trustline applicant or a registered trustline child care provider.” In addition, Section 1596.66 (3) states “The California Child Care Resource and Referral Network shall notify the applicable local child care resource and referral agencies, alternative payment programs, and county welfare departments of the status of the trustline applicants and registered trustline child care providers.”

### **A. Limit approval of child care provider reimbursements pending TrustLine clearance to the standard processing time for clear records (60 days to allow for manual fingerprint delays).**

The Network disagrees with this recommendation. In order to clear the background check and be registered on TrustLine, the individual’s applicant information must be entered on to CDSS’s database and the results from DOJ’s Criminal History System and the Child Abuse Central Index must be returned from DOJ. If any one of these three pieces of information is missing, the person cannot be cleared. In recent years, there have been three-month delays at CDSS in entering applicant information and there have also been lost fingerprint information somewhere in the system – between the local Live Scan vendor, DOJ and CDSS. We do not believe that the individuals who have submitted their applications and fingerprints and will clear the background check should be penalized by slow downs or errors made by state departments or Live Scan sites. According to the database the Network receives weekly from CDSS, approximately 76% of applicants to TrustLine are registered as cleared on TrustLine at any given time. To potentially penalize these individuals by closing their cases because they haven’t cleared in 60 days and in turn penalizing the families they serve would be a detriment to the program.

Improve Access: This proposal does not improve access to child care services and may limit access to the parent’s provider of choice if the individual is closed only because of a processing issue at CDSS or DOJ.

Delivery of Service: Service delivery is not improved because individuals with criminal backgrounds are still getting paid for up to 60 days – even if the criminal history information has been sent to CDSS from DOJ.

Improve Outcomes: The TrustLine outcome is to protect children. There are other solutions that would more effectively protect children from child care providers that could be harmful.

Service Provider Impact: There could be an increase in administrative work at CDSS, the Network, local R&Rs, and payment programs if individuals that will eventually clear are closed then re-opened and cleared.

Program Efficiency: We don't feel program efficiency would be improved.

**The Network's Alternate Recommendation:** The goal of TrustLine is to see that individuals with criminal histories that could pose a risk to children are not providing care. So, instead of closing individuals that haven't cleared in 60 days, we suggest that individuals with criminal histories that do not qualify for a simplified exemption be closed (ineligible for payment through California's subsidy system) during the exemption and appeal processes. Currently, applicants remain eligible for payment during the exemption process. In addition, we suggest that individuals for whom CDSS has received a delay notice from DOJ and 60 days has elapsed since their fingerprints were sent to DOJ also be closed.

**B. Require applications for TrustLine clearance—including fingerprints—be made within two weeks of the beginning of child care service instead of the current requirement of 28 days.**

The Network generally supports this recommendation but would like to allow payment programs the ability to grant waivers of up to 21 days to certain individuals when certain predefined situations arise (i.e. T-B test is not readily accessible).

Currently CDSS allows license-exempt providers in Stage 1, 28 days to submit a completed TrustLine application form and a Health and Safety Self-Certification form. CDE allows license-exempt providers in their subsidy programs 14 days to turn in a completed TrustLine application form and a Health and Safety Self-Certification form. If the 14 days has elapsed and the TrustLine and Health and Safety forms have not been completed, a notice of action (NOA) is sent to the parent(s). The NOA informs the parent that payments to the child care provider will end if the TrustLine application and Health and Safety Self-Certification forms are not turned in within another 14 days (total of 28 days).

For the majority of license-exempt providers, 28 days is an excessive amount of time in which to complete the TrustLine application process and the Health and Safety Self-Certification form. Although, it should be pointed out that technically in order to sign the Health and Safety Self-Certification form, the parent and the provider certify that "The child care provider must... show proof to the parent that he/she was tested in the last 12 months and is free of active tuberculosis." There are times when it's not possible to obtain a T-B test and obtain the results in 14 days. It's also possible that in some rural areas access to fingerprinting services may make a 14 day deadline unrealistic.

In the description of this recommendation, it states “Changing the payment policy will encourage providers to get fingerprinted more quickly and use Live Scan, and will increase pressure on administrative agencies to make Live Scan more readily available statewide.” It is highly unlikely that this policy change will encourage use of Live Scan where it doesn’t currently exist. There is a cost benefit ratio of providing a Live Scan machine and it’s not cost effective if there are not enough individuals who will be using the machine. In addition, we do not believe that this policy will have any impact on local law enforcement offices that purchased their own Live Scan machine and are not required to allow the public (child care providers) to access it. Lastly, as long as the individual submits fingerprints – whether manually rolled on a fingerprint card or via Live Scan, s/he can still meet the 14 day deadline. Live Scan is not necessarily required.

Improve Access: This proposal is not related to improving access or making a process simpler.

Delivery of Services: This proposal decreases the time a license-exempt provider is being paid without submitting a TrustLine application form.

Improve Outcomes: This proposal may screen out some license-exempt providers from applying to provide care if they will only be paid for 14 days.

Impact on Service Provider: There will be minimal impact to the service provider network. Some forms would need to be changed and training would need to occur at the statewide and local level with R&Rs, APPs and County Welfare Departments.

Program Efficiency: This proposal might slightly improve program efficiency if some potential license-exempt providers screen themselves out of providing care.

**The Network’s Alternate Recommendation:** Require applications for TrustLine and completion of the Health and Safety Self-Certification be made within two weeks (14 days) of the beginning of child care services, as is stated in the CPR recommendation, but allow payment programs to grant waivers of up to 21 days to certain individuals when certain predefined situations arise (i.e. T-B test is not readily accessible).

**C. Deny payment to providers pending background check clearance if the applicant has declared on his or her application that he or she has been convicted of a crime.**

The Network would support permissive language that would allow payment programs the ability to deny payment to providers pending a background check but would not require it.

Criminal offenses can range from petty theft to murder. This may unfairly penalize an individual that has a conviction for a crime that poses no harm to children and s/he would be granted a simplified exemption. At the same time, however, the criminal conviction declared by an applicant might be something very serious (i.e. child abuse) that could indeed put a child at risk and potentially make the payment agency liable. Some payment agencies feel that they shouldn’t be obligated to pay a child care provider that has a criminal record until s/he is cleared by CDSS.

Improve Access: This proposal is not related to improving access or making a process simpler.

Delivery of Service: This proposal will likely protect some children from care by an individual that could pose a risk to them. Parents would not be able to use their preferred provider until s/he clears which could take several months.

Improve Outcomes: See answer to #2.

Impact on Service Provider: This proposal would allow payment programs not to pay providers that declare on the TrustLine application form that they have a criminal conviction or have been investigated for child abuse.

Program Efficiency: Because this proposal would limit the initiation of payment to some providers, there might be a slight decline in administrative work of payment programs since they would not be contracting with a provider and then discontinuing that provider from payment when s/he is closed (some of the individuals that declare criminal convictions will be closed/denied on TrustLine).

#### **D. Expedite the approval of the expanded TrustLine contract—based on the Kern County test program**

The Network strongly supports the expansion of the Automated Application Process (AAP) that was a pilot program in Kern County. The AAP works in the following manner: Identix fingerprinting service, a contractor of CDSS, inputs the applicant information as well as local agency information when the applicant schedules their fingerprinting appointment over their toll-free number. At their fingerprinting appointment, the applicant brings in the TrustLine application form that is checked (proofed) against the information already contained in the Identix computer system. The fingerprints are taken (rolled) by Identix staff and sent to DOJ by the Identix operator. The same day, the applicant and local agency information is sent to CDSS by the Identix operator. By expanding the automated application process to all the counties in which Identix fingerprinting services are available would markedly decrease the data entry workload at CDSS and expedite the processing of applications that do not come through Identix fingerprinting service (those where fingerprints were manually rolled and those where the fingerprints were taken on a law enforcement or other government operated Live Scan machine).

Improve Access: This proposal makes it simpler for TrustLine applicants served by Identix Live Scan machines to apply to TrustLine. However, Identix requires that an applicant include a social security number (SSN) in order to process an application. Many recent immigrants do not have SSN but do have other forms of acceptable identification. This recommendation would deny access to those individuals. A SSN is not otherwise required for the Trustline applicants.

Delivery of Services: Applicants using Identix Live Scan sites to be printed will experience expedited service. Other applicants should also experience expedited service since applications from applicants not using Identix will be processed more quickly - assuming TrustLine staff at CDSS are retained.

Improved Outcomes: Clearance results from the background check will be obtained much more quickly.

Impact on Service Provider: Local R&Rs will see a decrease in their workload in processing TrustLine applications and CDSS will see a decrease in their workload. R&Rs, APPs and CWDs will see clearance results for applicants much more quickly.

Program Efficiency: This proposal will greatly improve the efficiency of the TrustLine program.

**E. DSS should share additional information electronically with the California Child Care Resource and Referral Network that would allow the network to help applicants to better understand their rights and resolve their questions.**

The Network strongly agrees with this recommendation. It is our opinion that the Health & Safety Code imposes explicit obligations on the Network and makes it an agent of CDSS for TrustLine implementation. The contract and confidentiality agreement between CDSS and the Network define these obligations further. It is difficult to imagine how the Network can meet its TrustLine obligations under the statute, the contract, and the confidentiality agreement if it cannot get access to CDSS' closure information and other information that will assist us in providing accurate and timely information to TrustLine consumers.

**F. DSS should inform the California Child Care Resource and Referral Network to use e-mail for notifications of clear or closed status to expedite notifications and save money. E-mails could be sent with receipts to ensure that payment agencies received and opened them.**

Improve Outcomes, Impact on Service Provider and Program Efficiency: The Network supports the use of electronic communication where appropriate and feasible. We have concerns about the sending confidential information over the internet and understand that to obtain a confidential e-mail service will likely result in a cost. We're also concerned with the reliability of e-mail confirmations. When we send out closure/denial letters to local R&Rs and payment programs we want to do our best to see that the local agency received and hopefully acted on that information. In addition, the maintenance of correct e-mail addresses may be more time consuming for staff than maintaining agency addresses and contacts - which could have a cost impact. We look forward to working with CDSS to research these issues and create the most effective notification system possible.



## HHS 07 Increase Subsidized Child Care Quality

### A. Change the reimbursement rate for exempt care to 50 percent of the appropriate family child care home regional market rate ceiling.

While we agree that licensed child care providers should be paid more than license-exempt care, this proposal to reduce license-exempt reimbursement to 50 percent of the family child care home regional market rate ceiling (RMR) is far below what we consider acceptable. The following chart provides examples in four counties of the impact of this recommendation:

#### *Proposed Reimbursement Ceilings for:*

**In-home/exempt care**  
**Full time (30 or more hours per week)**  
**Preschool (2-5 years)**  
**Weekly**

County	Current In-home/exempt Ceiling (90% of FCCH ceiling)	50 <sup>th</sup> percentile of the FCCH rates	50% of the current FCCH ceiling
Alameda	\$139.50	\$135.00	\$69.75
El Dorado	\$135.00	\$120.00	\$67.50
Fresno	\$112.50	\$100.00	\$56.25
Los Angeles	\$135.00	\$125.00	\$67.50

Improve Access: This recommendation does nothing to improve access to services and, in fact, will reduce access by decreasing the availability of week-end/evening care and all but eliminates parental choice of care based on cultural and linguistic preferences. This is particularly problematic in remote/rural areas of the state where access to licensed care is particularly problematic due to limitations of options.

Delivery of Services: Oversight and training of license-exempt care should be improved, but would require new fiscal investments and designation of an oversight agency. Efforts should be made to improve quality, not pay less for care that is already considered the cheapest. That's not good for children.

Improve Outcome: Often parents who choose license-exempt care do so because that is the only care available to them. In that situation, reducing the reimbursement for the care will only serve to reduce the level of quality available which will in turn impact the experiences for the children in that care. Research has shown that children placed in higher quality care perform better later in life.

Impact on Service Provider: Several wrong assumptions are being made here. One is that license-exempt providers SHOULD become licensed. Often they are relatives or

friends who are doing a favor for someone. They do not intend to become professional child care providers.

Program Efficiency: The problems of the RMR need to be addressed before any other reimbursement rate changes.

**B. Require health and safety training for exempt providers within the first three months of providing subsidized care. The reimbursement rate would be increased to 60 percent of the appropriate family child care home regional market rate ceiling for the first full month following training. Eliminate the current self-certification process, which costs the state \$1.2 million to administer.**

While we support the obligatory health and safety training for license-exempt child care providers, we note that this appears to create a regulation for a category of care that is, in fact, exempted from regulation and increasingly pushing them into a regulated state.

Questions remaining: It is unclear how elimination of the current self-certification process will save the state \$1.2 million. This process is completed by the license-exempt provider and reviewed by the local administering agency. Additionally, the question of who will monitor and enforce the regulation of the health and safety requirement and what funding will be provided for this additional requirement on the enforcing agency. This is an increased workload for either an Alternative Payment Program or for the Department of Social Services for which no funding currently exists.

Improve Outcomes: Increasing Health & Safety requirements for all license-exempt providers including relatives will improve the quality of the care provided, but there needs to be a guarantee that the services are available in the primary language and at times when providers can attend. Monitoring and tracking this requirement will require increased administration on the part of the contracting agency. This requirement, however, would not allow for the elimination of the self-certification that covers many other areas besides first aid and CPR training.

Impact on Service Provider: We support a tiered reimbursement approach that will support and reward higher quality child care. It should not focus only on license-exempt providers; but should be a system-wide reform. There are numerous models for how to go about this.

Again, the problems of the RMR need to be addressed first, before any other proposals on reimbursement rates. Tiered reimbursement should start with current levels as the baseline. Parity needs to be established between rates paid for licensed and exempt care; but all need to be addressed together.

Given the current availability of Health & Safety training, especially in language other than English and Spanish, it will be virtually impossible to assure that all license-exempt providers would be able to obtain the required training within a three month time period.

Program Efficiency: As a more efficient means of addressing this issue, the California Performance Review should consider closing the licensing exemption for individuals who care for the children of one other family. Prior to 1984, anyone who cared for children in their own home were required to become licensed. Now individuals caring for children from “one other family” are exempted from licensure. With the implementation of CalWORK’s the definition of “one other family” has been greatly expanded resulting in an increased number of license-exempt child care arrangements.

**C. Increase levels of child care quality that licensed providers can reasonably attain over time.**

Improve Access & Outcomes: Systems that reward providers for increasing the quality of services they offer will both increase access to higher quality services and improve the outcomes for children. The development of a tiered reimbursement system that increases reimbursement beginning at the current level is supported by the Network and our member agencies.

**D. Convene a task force to develop legislation for Tiered Reimbursement based on quality, focusing first on child care for children ages 0–5.**

Improve Outcomes: We support a tiered reimbursement approach that will support and reward higher quality child care. The statewide Task Force must develop a workable system for all parts of California. The goals and composition of the Task Force should include:

**Task Force Goals (including but not limited to):**

- Development of a rate structure that acknowledges and rewards providers who have achieved a higher level of quality (tiered reimbursement tied to quality). This must include provisions for a designated, experienced and funded entity to monitor the components of quality and provisions to assist providers in accessing and attaining the level of quality that determines their reimbursement rate.
- Simplification of local rate administration and implementation (including simplification on the provider’s side)
- Establishment of rates for counties with a small number of providers
- Establishment of rates for counties with an under-represented number of program types (i.e. infant center care and school age care)
- Address the 75/25 issue (verification requirements for in/out of market care)
- Review how the Regional Market Rate (RMR) ceilings impact future regional market rate surveys
- Analysis of the origins, evolutions and challenges that emerged in rates paid to contracted centers and development of a system that reimburses contracted centers in a way that allows them to remain fiscally sound and to provide quality services including the ability to pay appropriate wages to their staff
- Addresses issues from the standpoint of parents (both subsidized and nonsubsidized) including an opportunity to convene parents to gather their input

Any newly developed system must take into account the necessity of “testing” the changes prior to full statewide implementation. Testing will provide the opportunity to review and revise the system based on unintended consequences including the impact to families who are not a part of the subsidized system.

**Task Force Composition (including but not limited to):**

- Program Administrators from a diversity of Alternative Payment Programs representing program size, location and client base
- Child care providers including private center based, family child care, license-exempt and contracted center director/administrator
- Regional Market Rate survey/researchers –including representatives from current and past contractors
- California Department of Social Services
- Department of Education- Child Development Division (conveners)
- Department of Education - Education Finance
- Parents as possible (subsidized and private pay)

## **Chapter 3: Education, Training and Volunteerism**

### **ETV 05 Regionalize K-12 Education**

- A. Pursue a constitutional amendment to eliminate county superintendents of schools and county boards of education.**
- B. Replace the current structure of county superintendents and county boards with regional superintendents and regional boards.**
- C. If a change to the Constitution is not feasible, provide fiscal incentives for two or more counties in a region to unite under one board and one superintendent.**

Delivery of Services: We oppose the elimination of county superintendents. Many families, especially those with children with special needs and other disabilities have come to rely on the services offered through this centralized source. Often, due to economy of scale, the same level of services can not be provided at the local district level. But, to regionalize the services would make them less accessible to families and eliminate the potential for a local empowered parent voice in services for their children.

Impact on Service Provider: It is our understanding that there may be adverse Prop. 98 implications to this recommendation. We understand that the county office of education is eligible for some funding that local school districts are not currently eligible to receive, therefore, there would be a loss of funding for necessary services.

## **ETV 11 Change Enrollment Entry Date for Kindergartners to Enhance their Success**

**Amend the kindergarten enrollment cutoff date in state law from December 2 to September 1.**

Improve Outcomes: Given the increased assessment requirements in kindergarten and the move toward a more structured classroom environment, there is certainly just cause to recommend a change in the kindergarten entry age. The change, however, should be based on the educational needs of children and not on cost saving measures. This change will emphasize the need to provide full day/full year preschool programs for 4-year olds who would otherwise be attending kindergarten. The very children who are least ready for kindergarten under the current system are least likely to have parents able to afford to pay for preschool programs.